

WEBINAR



Super decisions at retirement: Income stream, lump sum, accumulation or a mix?

Friday 11th
OCTOBER

12.30 PM
AEST



Welcome

Presenter

Kate Crawford

Kate has worked in the superannuation sector since 2003. Her experience ranges from customer service to financial advice, member education, complaints management, trustee services, and learning and development.

She currently develops content and facilitates learning sessions for super professionals with the Association of Superannuation Funds (ASFA) as well as writing for SuperGuide.



IMPORTANT

Disclaimer

The information covered within this webinar is intended to be general in nature and is not personal financial (or financial product) advice. It does not take into account your objectives, financial situation or needs. Before acting on any information, you should consider the appropriateness of the information provided having regard to your objectives, financial situation and needs.

In particular, you should seek independent financial advice prior to making any investment decision.

You should consider the appropriateness of this information having regard to your individual situation and seek taxation advice from a registered tax agent before making any decision based on the content of this presentation.

Any examples & calculations within this presentation are provided for illustrative purposes only. They should not be relied on.

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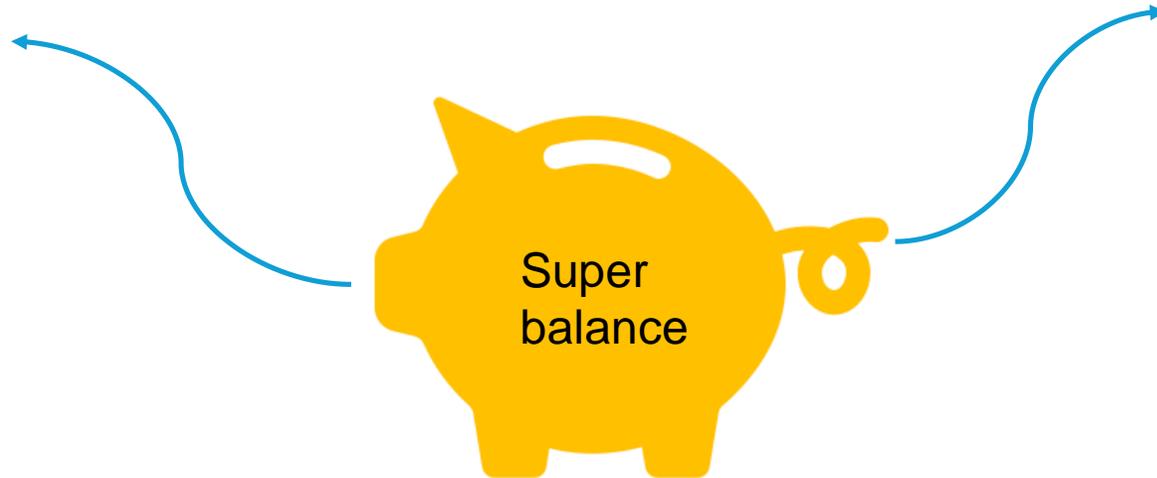
60+ and
retired

Left a
job after
your 60th
birthday

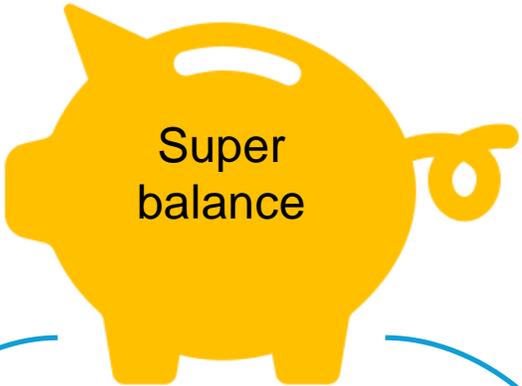
Turned 65



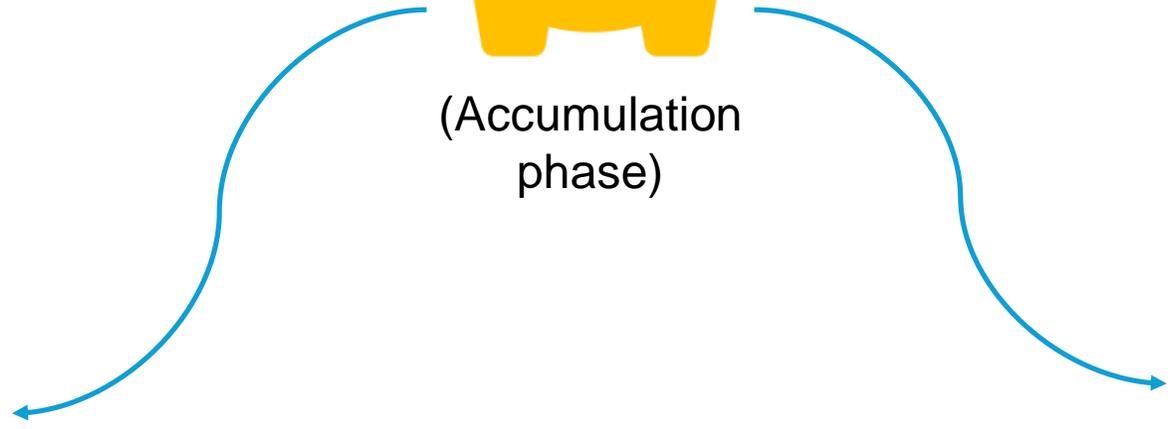
Lump sum



Pension



(Accumulation phase)



Lump sum



Pension

60+ and
retired

DECLARE THAT YOU ARE PERMANENTLY RETIRED FROM EMPLOYMENT.
YOU DO NOT INTEND TO RETURN TO WORK.
NO PAID EMPLOYMENT

Left a
job after
your 60th
birthday

LEAVING WORK PERMANENTLY OR INTENDING TO RETURN
CHANGING JOBS.
IF YOU LEAVE A PAID JOB AFTER YOUR 60TH BIRTHDAY, YOU CAN ACCESS

Turned 65

Accumulation phase

Investment
growth remains
taxable at
concessional
super rate



Keep your money
invested and
growing – no
compulsory
withdrawals



Balance not
assessed by
Centrelink until
age 67



Lump sum

Tax-free
(except untaxed
funds)



Pay off debt
and/or make
purchases



Investing outside
super generates
taxable income



Pension

Tax-free income
and investment
earnings



Invest up to
\$1.9 million to
generate growth
and fund your
income



Choose from
account-based,
lifetime, or
fixed-term



Account based

- Select how your balance is invested – and switch at any time
- Choose your payment (minimum but no maximum)
- Withdraw lump sums
- Balance can run out
- 100% of your balance is a financial asset for Centrelink means tests
- If you die – balance is passed on

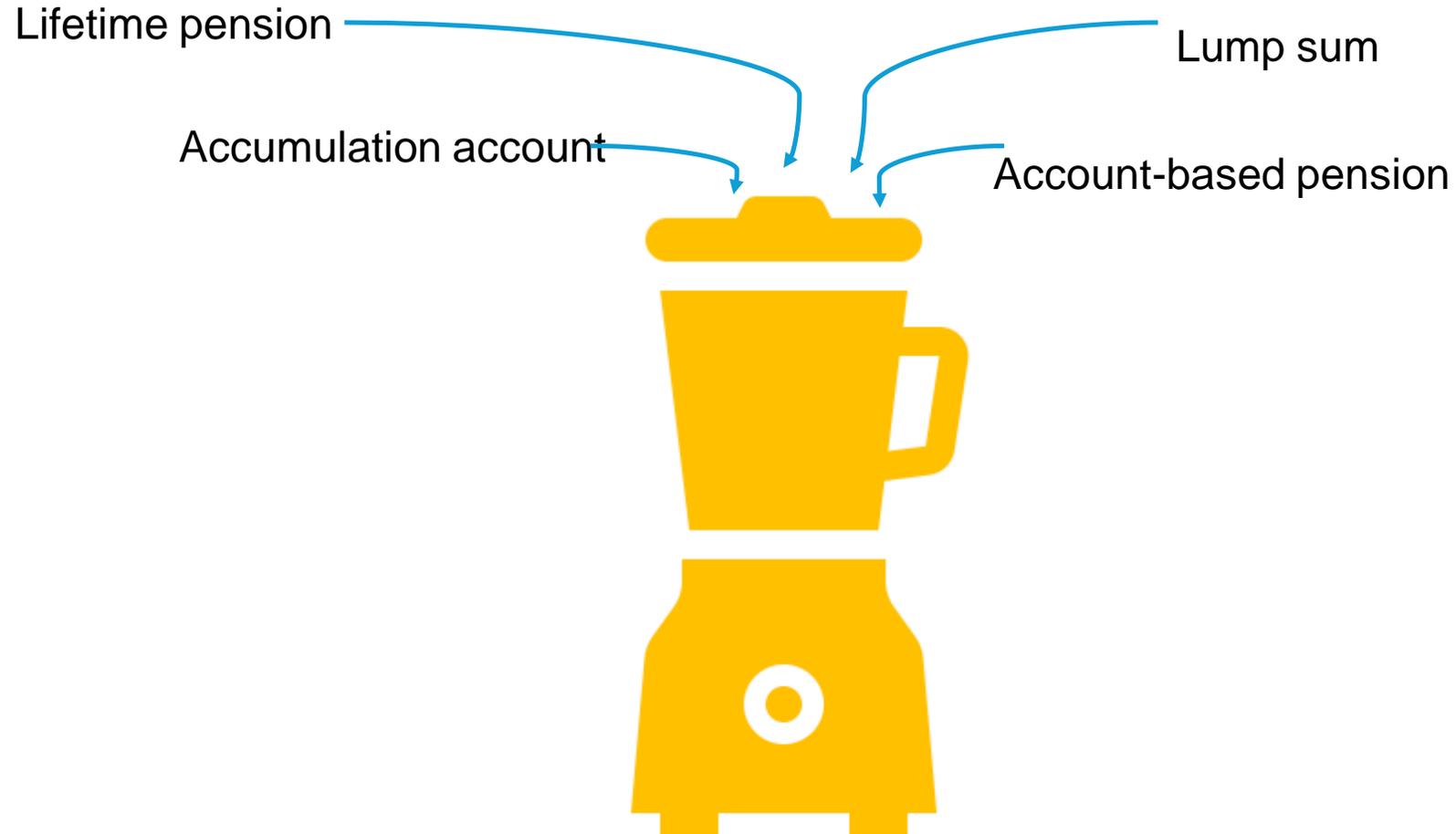
Lifetime

- Payment set by provider with limited flexibility
- Income indexed to inflation or updated with investment return
- Choice of investments may be available
- Limited lump sum withdrawals
- Often favourably assessed in Centrelink means tests
- If you die – income can continue to spouse or limited lump sum may be paid

Comparison of features

Account-based (non-lifetime)	Lifetime
Choose your annual payment of at least the minimum	Income set by provider. Some flexibility may be offered.
Select how your balance should be invested and switch at any time	Opportunities to choose your investments vary: <ul style="list-style-type: none">- Provider may take on all the investment risk and guarantee to index your payments to inflation- A set investment may apply to all recipients- A range of investments may be provided to choose from
Withdraw a lump sum at any time	Option to withdraw lump sum is limited
Balance can run out	Income guaranteed for life
100% financial asset in Centrelink means tests	May be eligible for favourable Centrelink means test assessment
Balance available to beneficiaries on death, including as a reversionary pension	Reversionary pension available if selected, or limited lump sum may be payable. Often no lump sum available past life expectancy.

Choose your combination





Delve into the detail

Example – couple with an age gap



Angie
\$600,000 super
Age 67



David
\$600,000 super
Age 60

Homeowners and mortgage-free with
no investments outside super



Goals

- ✓ Maximise Age Pension
- ✓ Confidence savings will last
- ✓ Comfortable income

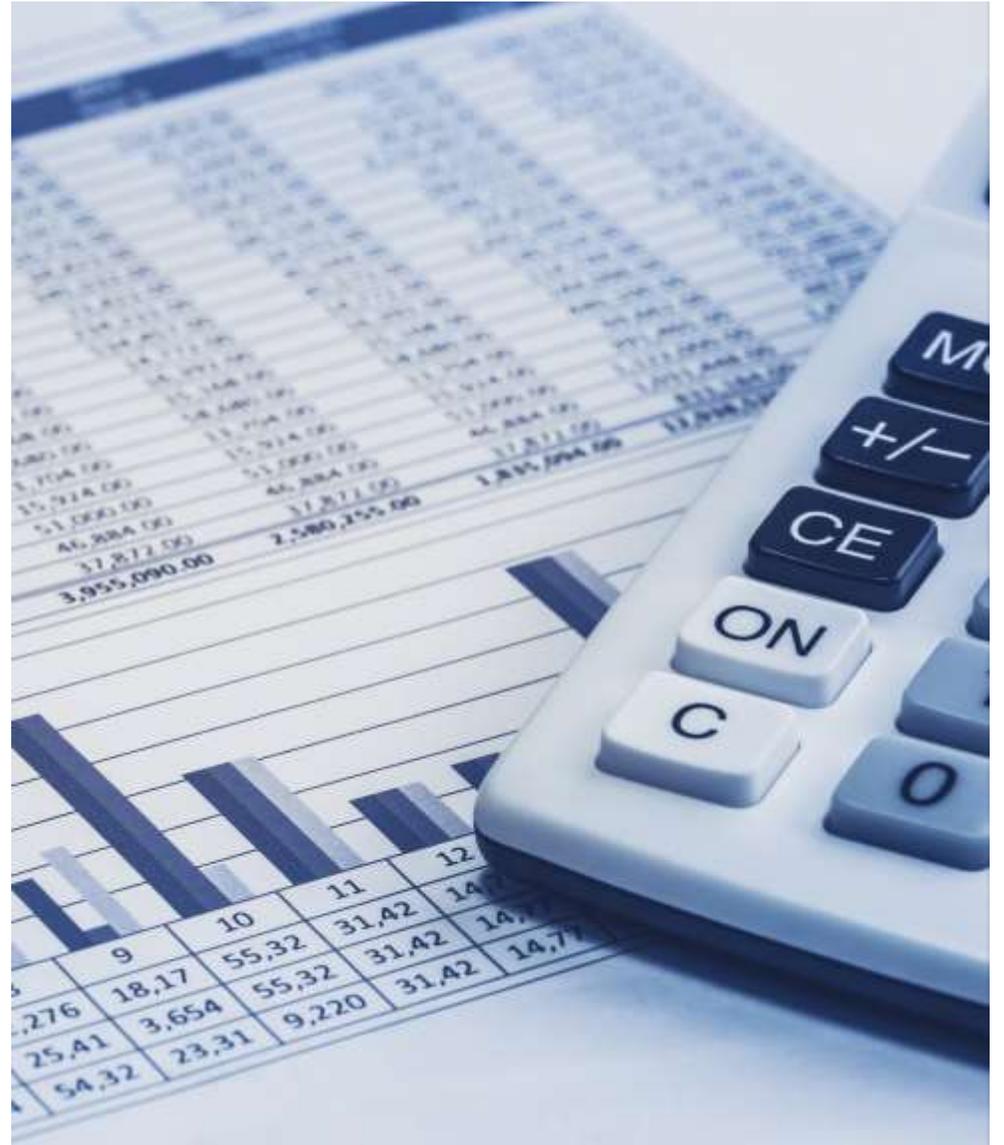
The plan

Use all super to open account-based pensions

- tax-free income
- tax-free earnings

The question

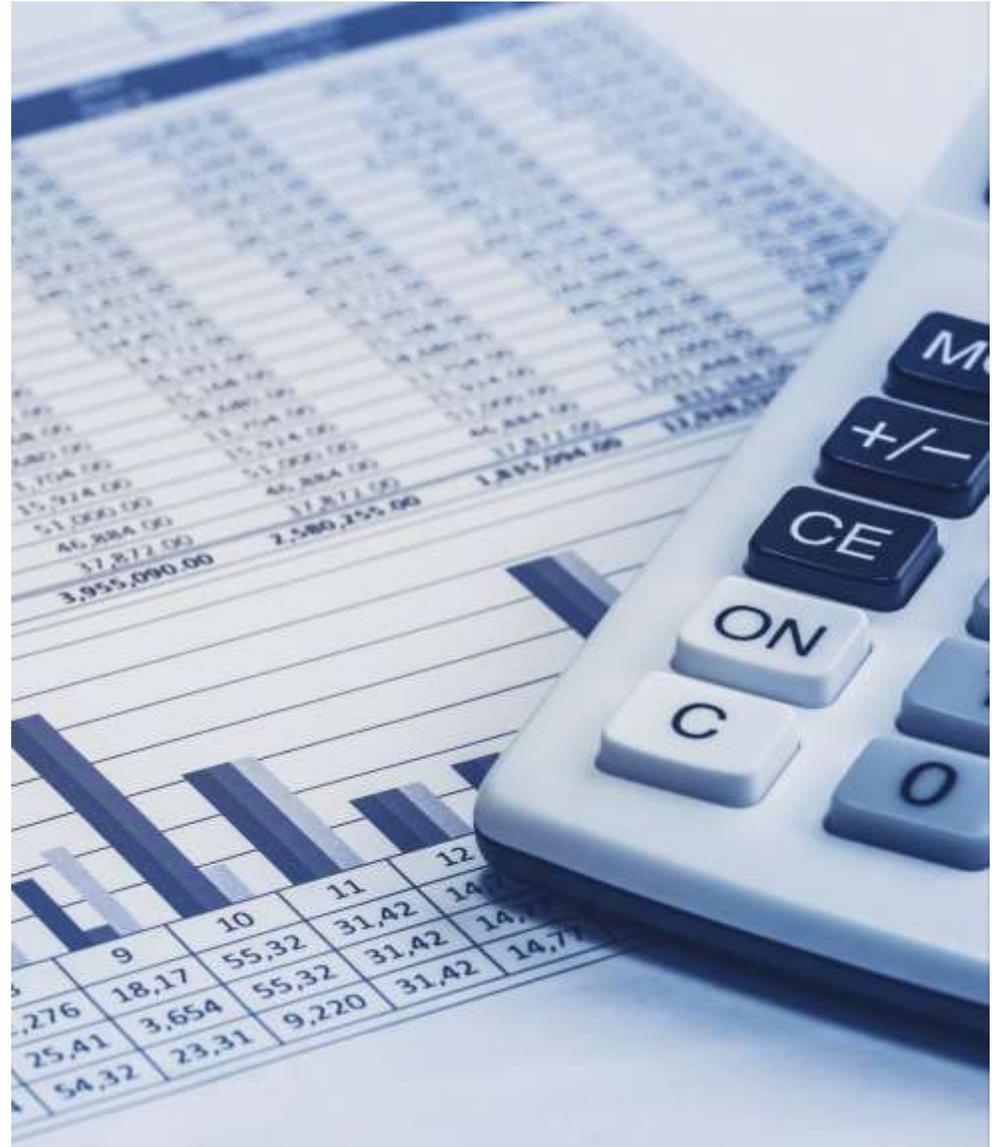
Will Angie receive Age Pension?



The alternatives

Re-distribute assets

1. Angie starts account-based pension and David keeps accumulation
2. Angie withdraws \$300k and David contributes it to his accumulation account



Targeting \$70k income



Angie's income
\$22,000 Age pension
+ \$15,000 super pension
= \$37,000 total



Age	Minimum payment
<65	4%
65-74	5%
75-79	6%
80-84	7%
85-89	9%
90-94	11%
95+	14%

Generating additional income



The options

- Withdraw lump sums from David's super
- Increase Angie's super pension withdrawals



The strategy

Withdraw lump sums from David's super

- Retain maximum in Angie's super pension where earnings are tax-free
- Withdrawals come from the environment where earnings are taxable

Looking forward 7+ years



David
Age 67
\$900,000 super

Angie
Age 74
\$300,000 super pension balance



David's super now assessed by Centrelink

Combined assets >\$1.2 million
without action



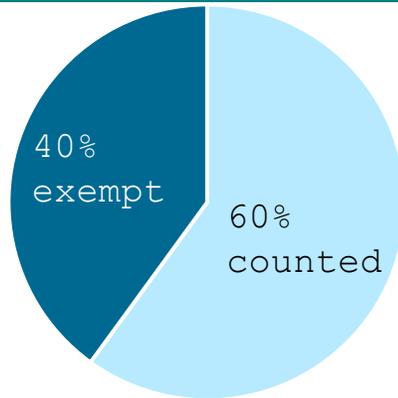
Age Pension

Centrelink assessment

Lifetime income streams

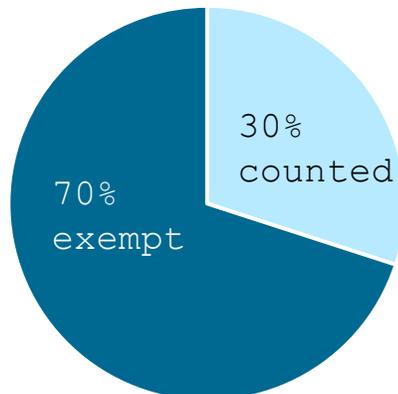
Assets test

Percentage of purchase price



Until 84 + min 5 years, then

Percentage of purchase price



Income test



Centrelink assessment

Account-based (non-lifetime) income streams

Assets test

100% of balance

Income test

Deemed income

Example – single \$500k super



Fatima
\$500,000 super
Age 67

Homeowner and mortgage-free with
no investments outside super



Goals

- ✓ \$52,000 a year retirement income
- ✓ Happy with lower income in later retirement
- ✓ Maximise Age Pension
- ✓ Confidence savings will last

High balances

Balance > Transfer Balance Cap (TBC) can't be transferred to a retirement income stream

Current TBC = \$1.9M

Indexed to CPI

High balances

Options:

- Retain excess in accumulation
- Cash excess as lump sum

Converting entire TBC to income stream may provide more income than required

Options:

- Invest smaller amount in income stream
- Deferred annuity
- Accept higher withdrawal requirements to maximise tax-free earnings

The screenshot shows the SUPERGUIDE website interface. At the top, there is a search bar labeled 'Search SuperGuide' and navigation links for 'Dashboard' and 'Log out'. Below the search bar are several menu items: 'How super works', 'Super funds', 'SMSFs', 'Retirement planning' (which is highlighted), and 'In retirement'. The main content area features a large image of a rocky landscape. Below the image is the article title 'High net worths: Is it worth starting a pension, or stick to accumulation?' and the author's name 'Aakash Mehta' with a 'Updated 9 June 2023' timestamp. A sidebar on the left contains a navigation menu with icons for 'Dashboard', 'Newsletters', 'Saved guides', 'Step-by-step guides', and 'Webinars'. Below the menu is a 'Upcoming webinar' card titled 'Buying property in an SMSF' scheduled for Thursday 22 August. The main text of the article begins with 'As you approach retirement, a crucial decision awaits about what to do with your superannuation benefits. That decision is even more complex if you also have significant assets outside super.' It continues to discuss investment decisions and withdrawal requirements. A 'On this page' section lists 'Option 1: Leave super in the accumulation phase', 'Option 2: Commence an account-based pension', and 'Case study'. The article concludes with the sentence 'The decision then is whether you should commence an income stream from super or leave it'.

Resource to read more

Can I make contributions?

When total super >\$1.9M



Non-concessional cap = \$0



Concessional cap = \$30,000



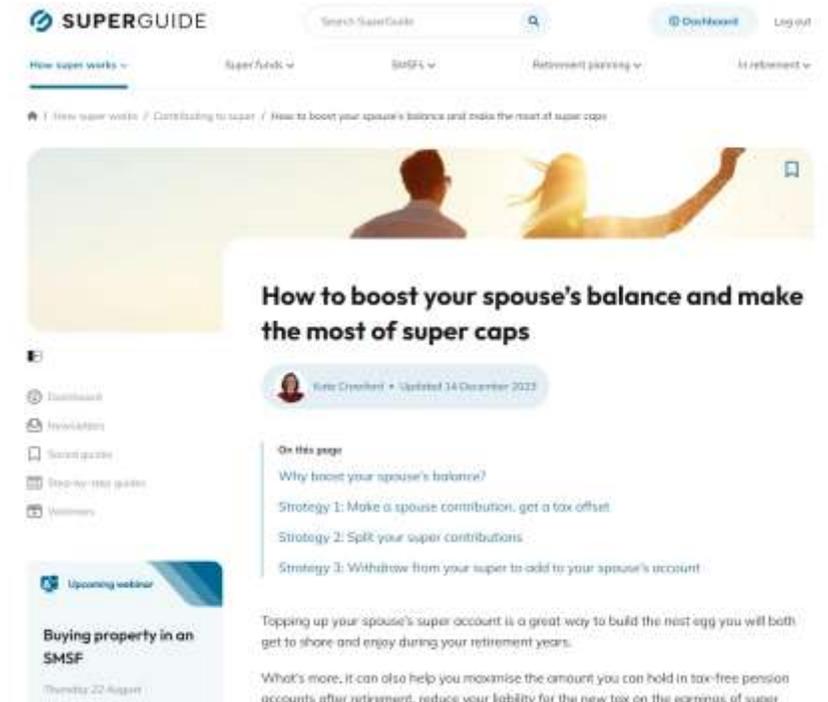
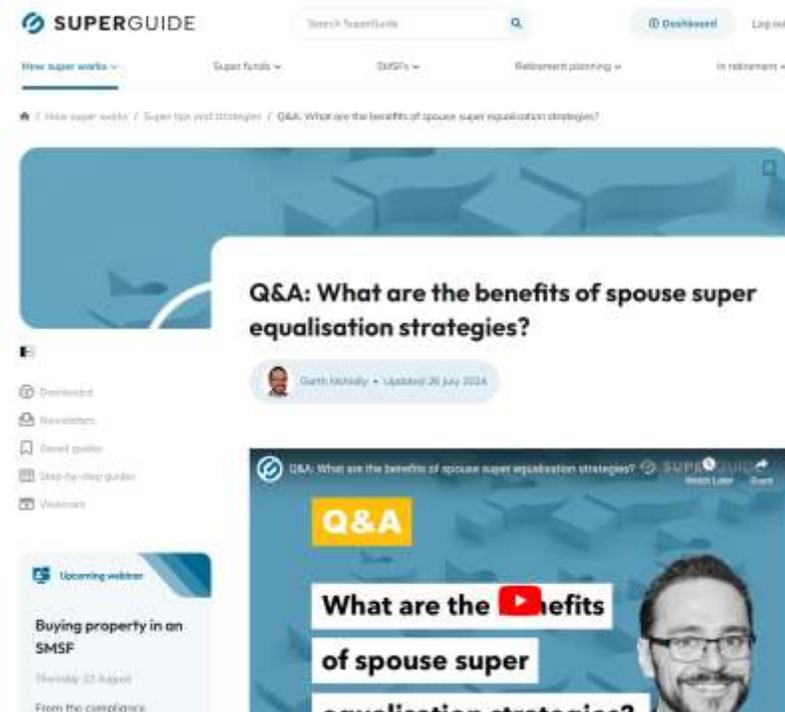
When aged 67+ personal deductible contributions only permitted if you meet

Spouse with a lower balance?

Consider equalising balances

Withdraw and contribute to their account (non-

Split concessional contributions from your account



Resources

Innovation

Responding to retirement income covenant to balance:

- need for flexible access
- risk of outliving savings

Dedicated investment strategies

1. Bucket strategy

The screenshot shows the SUPERGUIDE website interface. At the top, there is a search bar and navigation links for 'Dashboard' and 'Log out'. Below the navigation, there are dropdown menus for 'How super works', 'Super funds', 'SMSFs', 'Retirement planning', and 'In retirement'. The main content area features a breadcrumb trail: 'In retirement / Income from super / Managing retirement income with a bucket strategy'. The article title is 'Managing retirement income with a bucket strategy' by Kate Crawford, updated on 23 April 2024. A table of contents is visible on the right side of the page.

On this page
What is a bucket strategy?
How does the strategy work?
Bucket maintenance and repair
Case study
Who could benefit from a bucket strategy?
Drawbacks to a bucket strategy
Super funds that can manage a bucket strategy for you

Bucket one

Long term

Bucket two

Medium term savings

Bucket three

Short term spending needs

HostPlus CPI+

The screenshot shows the HostPlus website interface. At the top left is the HostPlus logo. A navigation bar contains links for 'Members', 'Employers', 'Advisers', and 'SMSF'. Below this is a secondary navigation bar with links for 'Our products and services', 'Learning Hub', 'Manage your super', 'Retirement', and 'Forms and resources'. The main content area features a breadcrumb trail: 'Home > Members > CPIplus'. The headline reads 'CPI + 2.5%' in large white and yellow text. Below this is a sub-headline: 'More certainty over your returns in retirement.' followed by a paragraph: 'With an average return of 7.58% over the last 3 years¹, CPIplus aims to provide retirees a better return than cash or term-deposits with the confidence of staying ahead of inflation.' A list of three bullet points follows, each with a checkmark icon: 'Low-risk Pension investment option', 'Returns above inflation set in advance for the year', and 'Full control to access funds and switch in and out when needed'.

Members Employers Advisers SMSF

Our products and services Learning Hub Manage your super Retirement Forms and resources

Home > Members > CPIplus

CPI + 2.5%

More certainty over your returns in retirement.

With an average return of 7.58% over the last 3 years¹, CPIplus aims to provide retirees a better return than cash or term-deposits with the confidence of staying ahead of inflation.

- ✓ Low-risk Pension investment option
- ✓ Returns above inflation set in advance for the year
- ✓ Full control to access funds and switch in and out when needed

Crediting rate increased from CPI+2% to CPI +2.5% after recording

Backed by HostPlus Balanced

Innovative lifetime income

streams

Return of capital usually guaranteed

Investment choice often



challenger

RETIREMENT AGED CARE PRODUCTS TERM RATES WHY INVEST TOOLS

Liquid Lifetime (Market-linked payments)

Cash Conservative Conservative Balanced Growth

The image shows the Challenger website header with navigation tabs for RETIREMENT, AGED CARE, PRODUCTS, TERM RATES, WHY INVEST, and TOOLS. Below the header is a large dark grey box with the text 'Liquid Lifetime (Market-linked payments)'. To the right of this box is a row of five green glass bottles representing different investment options: Cash, Conservative, Conservative Balanced, Balanced, and Growth. Each bottle has a label with the investment name and 'LIQUID LIFETIME PAYING INCOME'.

Personal | Products | Lifetime annuities

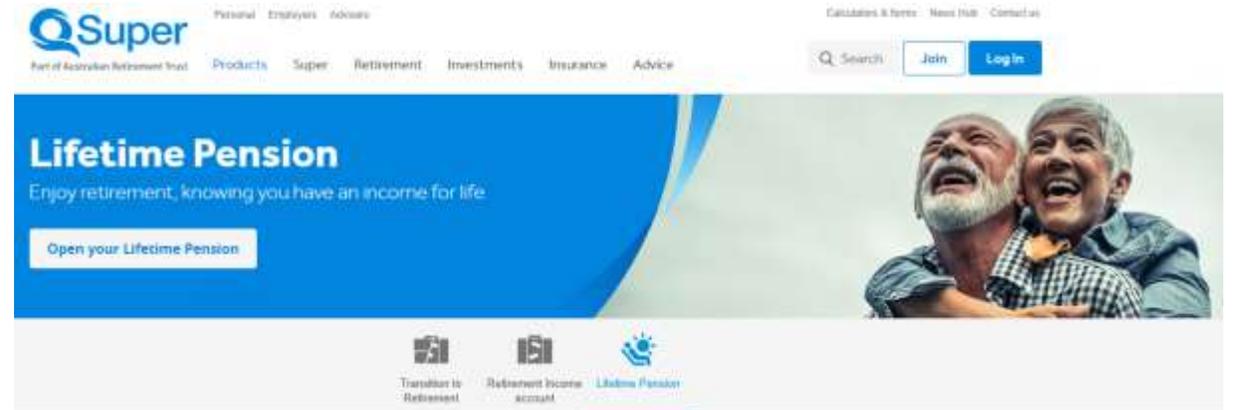
Challenger's Liquid Lifetime (Market-linked payments) can help improve your financial wellbeing by combining the benefits of income for life with the potential for growth.

Challenger's market-linked lifetime annuities provide you (and your spouse if you choose) with monthly income for life that has the potential to increase over time. However, payments are less predictable because they move up or down based on the performance of the chosen market index.

Order and download TMD and PDS

Our Target Market Determinations (TMD) and Product Disclosure Statements (PDS) contain all the information you need to know about each one of our products.

VIEW →



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Part of Australian Retirement Trust

Personal Employees Advisors

Calculators & forms News Hub Contact Us

Products Super Retirement Investments Insurance Advice

Search Join Log In

Lifetime Pension

Enjoy retirement, knowing you have an income for life

Open your Lifetime Pension

Transition to Retirement Retirement Income account Lifetime Pension

The image shows the Super website header with navigation tabs for Personal, Employees, and Advisors. Below the header is a blue banner with the text 'Lifetime Pension' and 'Enjoy retirement, knowing you have an income for life'. A button 'Open your Lifetime Pension' is visible. To the right of the banner is a photograph of an elderly couple smiling. Below the banner are three icons representing 'Transition to Retirement', 'Retirement Income account', and 'Lifetime Pension'.



How do you make your money last in retirement? Our award-winning Lifetime Pension is designed to work with an [account-based pension](#) to allow you to enjoy life without worrying about your savings running out.

Generation Life LifIncome

Providing peace of mind with an income stream that pays you for life



LifIncome provides more income, more certainty, more flexibility and more choice.

CERTAINTY



Delivering retirement income with Certainty
Introducing Allianz Guaranteed Income for Life (AGILE)

MyNorth Lifetime Income account

Provide your clients with a higher income for life.¹

[Request a call](#)

Introducing the MyNorth Lifetime Income account

One of an award-winning² suite of three solutions that financial advisers can use to help clients retire comfortably, confident they'll have a lifetime of retirement income.

A MyNorth Lifetime Income account combines the flexibility of an account-based pension that provides a high-rate market-linked income stream with the certainty of a lifetime cashflow that never runs out, like an annuity.

The Lifetime Income account is a market-first retirement income solution that puts you in control of important portfolio decisions like investment strategy, asset allocation and security selection.



You may need an adviser to invest
Beware of complexity

Thanks for
watching

Question 1

My super balance is below the contribution cap of \$1.9m I want to have an income stream AND be able to withdraw some funds as a lump sum at a later date. I want to understand how I can do both. I have 2 questions:

1. Can I keep my accumulation account open and leave some funds there (for later withdrawal as a lump sum if and when I need it), while I transfer the majority of funds into a pension account? As I am 60 years old, the minimum I MUST withdraw down for a pension is 4% of my super for this FY.
2. But is the 4% calculated on my total super balance, (accumulation account + pension account) or just the amount I transfer from my accumulation account into the pension account?

Question 2

How are annuities and lifetime products valued for purposes of Division 296? In particular for the future as there won't be indexation.

Abel

Question 3

What is the safe withdrawal % per annum for a person with \$1.8m in super and wish the super to last for 30 years of retirement (age 60 - 90) and wish to spend only AFSA style comfortable retirement amount for couple (\$72k per annum)?

Pand

Question 4

I have an SMSF fully in pension phase. I am aged 70 years.

I need to withdraw a minimum of 5%. I would have preferred to take this as a lump sum towards the end of each financial year but my new accountant says I should take it as a regular payment spread out over the financial year.

She said the ATO prefers this.

I had been under the understanding that for the withdrawal you had a choice, either a lump sum or a regular pension payment. Is there a choice in my situation and if so, what are the pros and cons between each option?

Matthew

Question 5

I'm a member of the Defence Force Reserves. I work a few days a week, which is paid but is purely a tax-free income with no superannuation guarantee contributions connected to this form of income.

I'm interested in whether Reserves work is considered 'gainful employment' for the purposes of accessing super. In my research, Reserves income seems to have a special status, perhaps akin to volunteering, but it's never quite clear.

When I turn 60 I'm planning to transition my super fund from accumulation phase to pension phase, while still wanting to work part time in the Reserves. Do you think this scenario will pose any issues from a "Condition of Release" point of view?

Question 6

I have three funds and plan to roll to one Income stream and leave a Superannuation fund open with a small amount of money. I may choose to put a smaller amount than the \$1.9M Cap to kick the income stream off and then add to it the the max allowed \$1.9M over time.

Are there any 'Gotcha's' in doing this and what watch outs are there when selecting an Income Stream Account (e.g. I am thinking exit and entry fees?)

Trevor

Question 7

After retiring, is there an age when one has to compulsorily commence the super pension, even if one does not need additional income?

Jagjeet

The logo for Superguide, featuring a stylized blue 'S' inside a circle.

SUPERGUIDE

Attendee Questions

The logo for Superguide, featuring a stylized blue 'S' inside a circle.

SUPERGUIDE

Wrap up